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# UKRAINE

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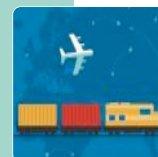
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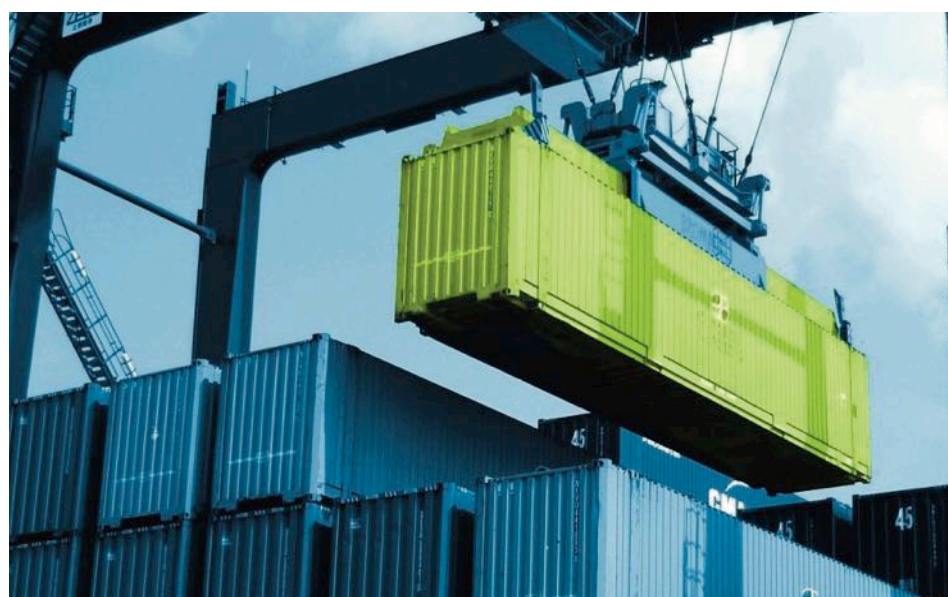


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## ECONOMY MINISTRY POINTS OUT 75 MARKETS WHERE UKRAINE NOT USING FULL TRADE POTENTIAL

Ukraine's Economic Development and Trade Ministry has pointed out 75 markets in the draft exports strategy of Ukraine where Ukraine is not using the trade potential in full, seeing a shortfall of around \$6 billion.

According to the published document during its presentation, in particular, Ukraine insufficiently uses the opportunities of trade cooperation with the United States, Germany, UK, France, Japan and Canada.

According to the strategy, exports of goods and services in 2012-2016 almost halved – from \$82.4 billion to \$44.9 billion.

The ministry said that the EU market share of total Ukrainian exports of goods over the period grew from 25% (\$17 billion) to 37.1% (\$13.5 billion), the India's share rose from 3.2% (\$2.3 billion) to 5.2% (\$1.9 billion), China's – from 2.6% (\$1.7 billion) to 5% (\$1.8 billion). Exports of goods and services to Russia fell almost 80%, to from \$17.3 billion to \$3.6 billion.

According to the document, the share of Crimea, Donetsk and Luhansk regions of total exports of Ukrainian goods fell from 26.6% in 2013 to 10.4% in 2015 (data of the State Statistics Service, not taking into account the ATO zone and Crimea). In the period from 2013 to 2015, exports from Donetsk region fell by 70% and from Luhansk region – by 93%.

The cost of exports losses due to these regions jointly with the temporarily occupied territory of Crimea was \$12.9 billion, while total exports losses of Ukraine in the past two years amounted to UAH \$25.2 billion.

## BUSINESS NGOS, MEDICAL WORKERS DEMAND COMPREHEN- SIVE HEALTH CARE REFORM



**B**usiness non-governmental organizations (NGOs), medical workers and scientists demand that the Ukrainian government propose a national strategy for developing Ukraine's health care system and involve professionals in the review of the state of health care. A respective address was sent to the President of Ukraine, the Verkhovna Rada and the Cabinet of Ministers following debates at the Ukrainian League of Industrialists and Entrepreneurs (ULIE). The document was signed by the heads of the ULIE, the Federation of Employers in the Health Care Sector, the National Academy of Medical Sciences, the League of Insurance Organizations, the Heart Institute under the Health Ministry of Ukraine, the Trade Union of Health Care Workers of Ukraine, and others. The next step should be the creation of an expert council under the Cabinet of Ministers for the development of a national strategy. The latter should clearly define national policy on health care, form the basis for drafting detailed programs, specifying technology, human resources, infrastructure, and the sources of funding that will be involved. The document stresses the need for a clear analysis of the current state of the health care sector in Ukraine and the health of its citizens. Its findings will become the basis of an annual national report. Health care workers and their partners from NGOs hope for the beginning of joint work with government officials and parliamentarians in health care reform. ■

## UKRAINIAN PM, BUSINESS COMMUNITY AGREE TO STEP UP DIALOGUE



**B**ilateral and mutually responsible dialogue between the government and the industrial community with experts and business representatives is crucial for the formation of public policy. It is feedback from civil society, experts that makes government decisions efficient and ensures their detailed feasibility research and forecasts for possible consequences. This was discussed at a meeting of the business association consisting of the Ukrainian League of Industrialists and Entrepreneurs (ULIE), the Association of Employers' Organizations, the Federation of Employers of Ukraine, the Chamber of Commerce and Industry, and the Council of Entrepreneurs under the Cabinet of Ministers with Ukrainian Prime Minister Volodymyr Groysman.

"We've shared our vision of the social and economic situation in the country, concerns about de-industrialization trends, and the loss of high-tech industries. The prime minister supported our commitment to strengthen industrial policy, to make cooperation in this area between the government, the National Bank and businesses more efficient," ULIE President and head of the Association of Employers' Organizations Anatoliy Kinakh has said.

Representatives of the business community noted a further deterioration in professionalism at the ministries and agencies, which is seen across the entire executive branch of power. These circumstances, in their opinion, hinder the development of high-quality and modern economic policy.

The sides also discussed the situation with tariffs and prices in the country. Members of the public stress that the national regulators, including the National Commission for State Regulation of Energy and Public Utilities (NERC), should pay much more attention to feasibility study on the tariffs and be more open and transparent. And the government must monitor that all changes in the tariff policy should to the maximum take into account the real economic situation and the solvency of the population.

The Ukrainian prime minister and representatives of the business associations agreed to step up communication, regularly exchange views, more actively involve the business community in the formation of the country's effective economic policy. ■

## UKRAINE, SOUTH KOREA TO DEVELOP AEROSPACE COOPERATION

**U**kkraine and South Korea are working on boosting cooperation in the aerospace area. The press service of the State Space Agency of Ukraine (SSAU) reported that further development of promising cooperation in the sphere was discussed at the fifth meeting of the Ukrainian-South Korean committee for scientific and technical cooperation of the relevant joint working group. "The sides discussed the state and prospects for development of Ukrainian-South Korean cooperation in the current cooperation spheres and studied the opportunities of developing cooperation in new areas, the satellite segment and the application of global space systems in the public economy sphere," the press service said. Representatives of South Korean Ministry of Science, ITC and Future Planning, Korea Aerospace Research Institute (KARI), the South Korean Embassy in Ukraine and representatives of SSAU, Yuzhnoye (Pivdenne) Design Bureau, Research and Production Enterprise Hartron-Arkos Ltd. and the National Center of Space Facilities Control And Test took part in the meeting. South Korea is a promising partner of Ukraine in cooperation in the aerospace sphere in Southeast Asia. The sides have successful cooperation in the launch services: in 2013-2015 Dnepr carrier rocket placed South Korean satellites KompSat-5, STSat-3 and KompSat-3A to orbit. ■

## UKRAINIAN-GERMAN BUSINESS FORUM TO BE HELD IN BERLIN IN H2 2017



**T**he volume of mergers and acquisitions (M&A transactions) in Ukraine in 2016 increased by 20%, to EUR605.3 million, while their total number decreased by 2.6 times, to 54, such data are given in a report of CMS legal group.

The largest transactions of the past year, according to the group, were exchange of assets between UniCredit financial group and ABH Holding (Luxembourg), within which the group transferred a 99.9% stake in Ukrsofsbank to the holding in exchange for a 9.9% stake in ABHH, the transaction was valued at EUR296.3 million; the purchase by American company Cargill of 51% of a transshipment terminal, which MV Cargo stevedoring company will build in Yuzhny port (Odesa region) for EUR90.9 million; the purchase by Kernel agrarian group of the right of demand for Ellada oil extraction plant (Kirovohrad region) for EUR87.1 million; the purchase by Fairfax Financial Holdings Limited international financial group of 9.99% in Astarta for EUR34.2 million; the purchase by Dragon Capital Investments Limited of the Piramida shopping center in Kyiv for EUR21.9 million; the purchase by the Federation of Trade Unions of Tatarstan of the Foros sanatorium, which formerly belonged to Ihor Kolomoisky, for EUR16.7 million; the purchase by 1+1 Media group of the Ukrainian satellite and Internet TV operator Vi-sat Ukraine from Swedish-based Modern Times Group MTG AB for EUR16.1 million; the purchase by the Rozetka.ua online store of a warehouse complex in Brovary for EUR14.6 million; the purchase by businessman Sergiy Tigipko of Radisson Blu Hotel in Podil in Kyiv for EUR9.2 million; and the purchase by Georgian Industrial Group of a 29.3% stake in PJSC Indar (Kyiv) for EUR4.3 million. ■

## UKRAINE MUST BE NOT RAW MATERIAL INTENSIVE LEADER, BUT INNOVATIONS LEADER – MINISTER

**U**kkraine must focus on exports of not commodities, which share today is 70%, but innovative and science driven products, First Deputy Prime Minister, Minister of Economic Development and Trade Stepan Kubiv has said during the presentation of the Expert Strategy of Ukraine.

“The document must be practical and be the flexible and adjustable operations program. The road map for the strategic development of exports would be the basis of the operations plan. We must be not the raw material intensive leader, but the leader of the innovative, investment and science driven block,” he said.

He recalled that in 2016, GDP grew by 2.3%, and in this context Ukraine’s exports strategy must provide for the further economic growth.

According to the published document, the promising sectors are the following: food industry, IT, technical servicing and repair of aircraft, production of spare parts for aerospace and aviation industries, engineering, creative services and tourism. ■

## CYCLONE-4M ROCKET COMPLEX TO BE BUILT IN CANADA ON COMMERCIAL BASIS



**T**he creation of the Cyclone-4M space rocket complex in Canada by 2020 will be carried out within the commercial project of the space sector companies of Canada, the United States and Ukraine, the project will be funded by the Western investor, Pivdenne Design Bureau (Dnipro), the Ukrainian developer of space equipment, has said.

According to a report on the company’s website, a number of Canadian, American and Ukrainian companies will take part in the creation of the Cyclone-4M space rocket complex in Canada by 2020, recently announced by Canada’s Maritime Launch Services Ltd. (MLS).

Pivdenne design bureau will be responsible for the development, testing and operation of the carrier rocket and facilities and systems of the ground complex, Pivdenmash will be the supplier of Cyclone-4M launch complexes to MLS, the report says.

According to Pivdenne design bureau, the project will be financed by the Western partner: Maritime Launch Services Ltd. showed interest and on its own initiative plans to implement the project solely at the expense of its own funds and financial investments attracted from commercial sources, the report said. ■

## UKRAINE INCREASES PIPE OUTPUT BY 47% IN JAN-FEB



**T**he major pipe enterprises of Ukraine in January and February 2017 increased production of pipes by 46.6% compared to the same period last year, to 161,000 tonnes, including in February they manufactured 84,500 tonnes.

The Ukrtruboprom association told Interfax-Ukraine its enterprises in January and February 2017 increased pipe production by 44.3%, to 107,100 tonnes, in February making 55,300 tonnes.

Khartsyzsk Pipe Plant (Donetsk region), located in the ATO zone, in January and February 2017 made 3,400 tonnes of pipes, whereas in January and February of 2016 it made 1,700 tonnes.

Pipe production at Interpipe Nyzhniodniprovsky Pipe Rolling Plant in the period rose by 54.1% compared to 2016, to 35,300 tonnes (17,600 tonnes in February), Interpipe Novomoskovsk Pipe Plant decreased output by 7.8%, to 14,100 tonnes (9,200 tonnes in February), while Interpipe Niko Tube raised production by 63.6%, to 46,800 tonnes (21,700 tonnes in February).

Dnipropetrovsk Pipe increased pipe production by 66.7%, to 3,500 tonnes, making 2,000 tonnes in February. Production grew by 3.3% at Centravis, to 3,100 tonnes of stainless pipes (1,600 tonnes in February).

Trubostal produced 400 tonnes (200 tonnes in February) and Nikopol Steel Pipe Plant YUTIST produced 500 tonnes (all were made in February, while in January the plant was idle).

Mariupol Illich steel works, which is not a member of the association, saw a 72.4% rise in pipe production in January and February 2017, to 21,200 tonnes (12,600 tonnes in February) and production at Kominmet grew by 40%, to 32,600 tonnes (16,600 tonnes). Luhansk Pipe Rolling Plant, created on the basis of Luhansk Pipe Plant, remained idle in January and February 2017. AG Stal LLC was also idle in January and February 2017. ■

## BORSCHAHIVSKY CHEMICAL PLANT TO INVEST UAH 317 MLN IN PRODUCTION MODERNIZATION BY LATE 2018

**P**JSC Borschahivsky chemical pharmaceutical plant plans by the end of 2018 to invest UAH 317 million in modernization of production, according to a company press release, with reference to its commercial director Yevhen Sova.

“Despite the difficult economic situation in the country, we continue implementing our plans and investing in our development. We plan by the end of 2018 to invest UAH 317 million in modernization of production,” he said.

As reported, in 2016 the plant doubled net profit from 2015, to UAH 118.702 million. In 2015 its net profit increased by 35%, to UAH 59.3 million.

In 2016 the plant entered the top ten in terms of pharmacy sales: it occupied 4.2% of the market.

In March 2015, Kyiv sold its 30% stake in Borschahivsky chemical pharmaceutical plant to Darnytsia pharmaceutical firm (Kyiv) for UAH 171.844 million. ■

## USAID LAUNCHES FOUR-YEAR PROJECT ‘FINANCIAL SECTOR TRANSFORMATION’ WORTH \$23 MLN IN UKRAINE



**T**he United States Agency for International Development (USAID) on March 22 opened the new four-year program “Financial Sector Transformation” worth \$23 million in Kyiv.

Deputy Chief of the U.S. Mission in Ukraine George Kent said it is extremely important that while developing and implementing reforms we should not forget about financial services consumers.

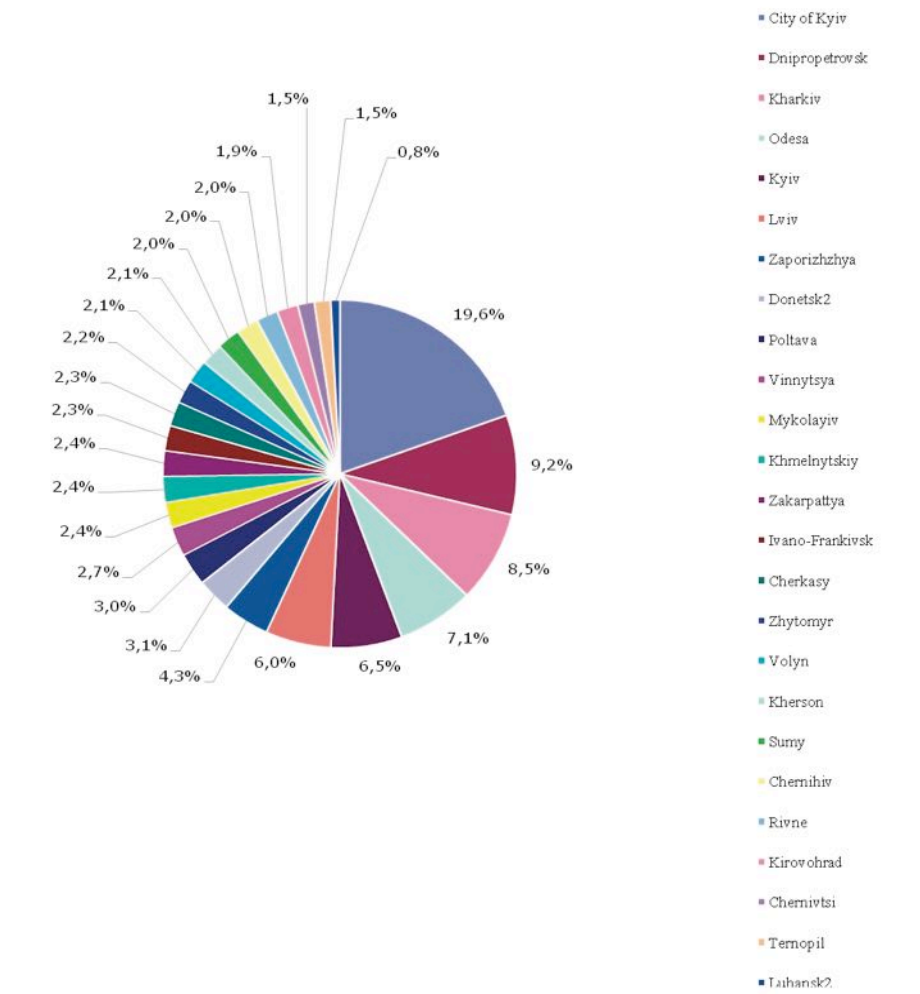
According to him, within the framework of the project it is planned to provide assistance in the following areas: increasing confidence in banks, improving access to financing in the non-banking fiscal sector, increasing the share of e-finance, reforming the pension system.

Kent said the informational educational program of the National Bank of Ukraine for fiscal services consumers starts in three weeks.

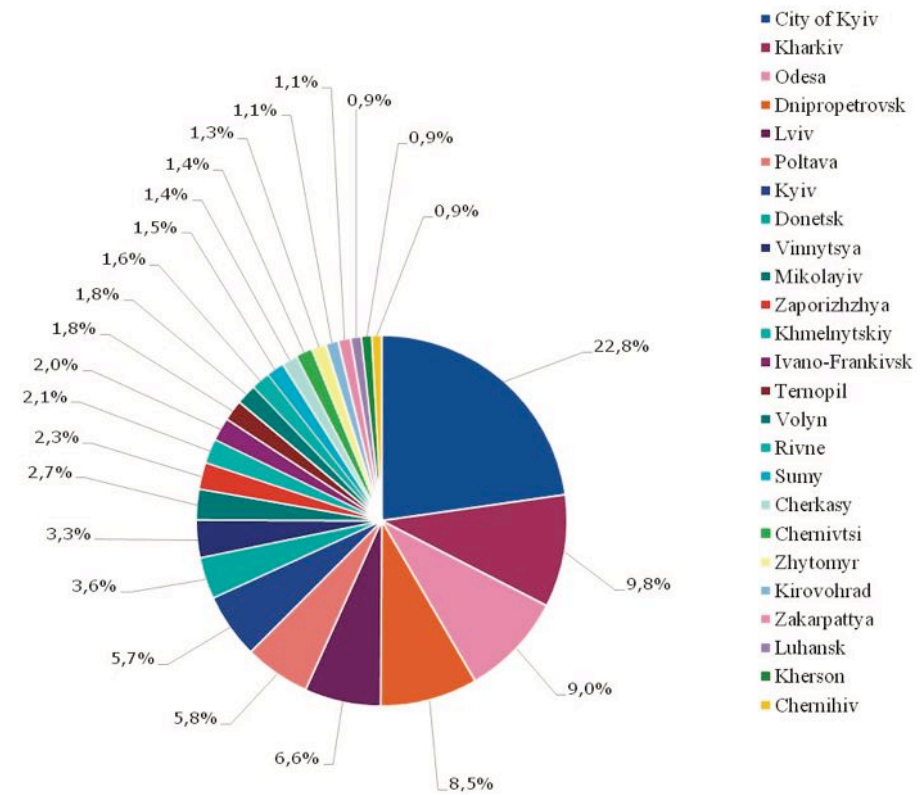
USAID has been working in Ukraine since 1992. It focuses on three areas: health care and social reforms, economic growth, democracy and governance.

During this time USAID has provided Ukraine with technical and humanitarian assistance in the amount of \$1.8 billion. ■

# TURNOVER OF RETAIL TRADE IN JANUARY 2017



# CONSTRUCTION WORKS ACCOMPLISHED, TOTAL



# ANTONOV AIRLINES INCREASES TRANSPORTATION OF GOODS BY 23% IN 2016



Antonov Airlines (Kyiv), part of state enterprise Antonov, one of the leading global operators of heavy An-124-100 Ruslan aircraft with a cargo carrying capacity of 150 tonnes, in 2016 increased cargo transportation by 22.8% compared to 2015, to 21,463 tonnes, the Antonov press service has told Interfax-Ukraine.

According to the press service, the number of flights carried out by the company in 2016 increased by 25.1%, to 448 flights, the time of flights in 2016 amounted to more than 4,600 hours.

The Antonov Airlines fleet now has seven An-124-100 Ruslan planes with a cargo capacity of 150 tonnes, an An-225 Mriya super transport aircraft with a capacity of 250 tonnes, a multi-purpose An-74T (10 tonnes) aircraft, An-22 Antei (60 tonnes), and An-26 (5.5 tonnes) aircraft.

Since 2006, Antonov Airlines has been implementing a contract on strategic transportation within the NATO SALIS (Strategic Airlift Interim Solution) program in the interests of 18 alliance countries and the EU. In December 2014 the contract with Russia's airline Volga-Dnepr was extended until the end of 2016. In autumn 2016 the Antonov Airlines management announced the plan to continue cooperation with NATO on the SALIS program after the completion of a joint contract with the Russian company. Within the framework of the new format of partnership, Leipzig remains the basic site of Ukrainian Ruslan aircraft.

## DTEK TO START INVESTING IN SOLAR POWER PLANTS STARTING FROM 10 MW PLANT IN KHERSON REGION – DTEK CEO



**D**TEK intends to invest in construction of solar power plants, DTEK CEO Maksym Timchenko has said in an interview with Interfax-Ukraine.

He said that the pilot project will be construction of a 10 MW solar power plant in Kherson region.

“The project is small, for 10 MW, but we want to try. I think that we would expand this pilot project if there were financing. This is our investment in the future, new generation,” he said.

Timchenko said that DTEK also intends to expand its portfolio of wind generation.

“Today, despite the current situation, we are in the active phase of talks with General Electric on building a new 200 MW plant – Prymorska wind farm... If we were able to form a pool of banks which would not be afraid of investing in Ukraine and come to an arrangement with GE, the development of wind generation would accelerate,” he said. He said that the company is mulling construction of up to 1 GW of green generation facilities in coming five years.

The share of DTEK of the Ukrainian renewable energy market in 2015 was 13%. ■

## EBRD COULD INVEST UP TO \$30 MLN IN NEW HORIZON CAPITAL’S FUND FOR UKRAINE



**T**he European Bank for Reconstruction and Development (EBRD) could make an equity investment of up to \$30 million in Emerging Europe Growth Fund III, L.P. (EEGF III, Delaware, the United States) launched by Horizon Capital Advisors, LLC mainly for investment in Ukraine and Moldova.

According to a report of the bank, the decision is pending the final review by the board on May 4. The fund has a target size of \$150 million.

The fund will seek to generate long-term capital appreciation through equity and quasi-equity investments in growth-oriented small and medium-sized enterprises and mid-market companies primarily in Ukraine and Moldova.

EBRD said that the fund is a follow-on fund to Emerging Europe Growth Fund I and II.

As reported, in June 2016, OPIC (Overseas Private Investment Corporation) said that the OPIC would provide up to \$37.5 million to EEGF III launched by Horizon Capital for the period of up to 10 years.

The fund with a target size of \$150 million will invest in export-oriented, fast-growing, mid-size companies in Ukraine and Moldova with the potential to grow from local to regional market leaders. The fund will primarily target minority stakes in high growth Ukrainian companies. It may also invest in early-stage, buyout and privatization opportunities as they arise.

Horizon Capital was established in 2006. It manages private equity funds Western NIS Enterprise Fund (WNISEF, established in 1994 with a capital of \$150 million), Emerging Europe Growth Fund, L.P. (EEGF, established in 2006 with a capital of \$132 million) and EEGF II (EEGF, established in 2008 with \$370 million capital). ■

## ENERGY MINISTRY AND KOREA’S KOKAM DISCUSS BUILDING ELECTRIC STORAGE FACILITIES

**U**kaine’s Minister of Energy and Coal Industry Ihor Nasalyk and the delegation of Korea’s Kokam have discussed the issue of building electric storage capacities, the ministry’s press service has said.

The ministry said the construction of such facilities in Ukraine would positively influence the integration of renewable energy sources into the energy system, make it easier to work in the conditions when the share of energy produced by nuclear power plants reaches 60%.

According to the ministry, now Ukrenergo and Free Energy Technologies are developing a pilot project for the creation of an electro-accumulating station.

As reported, previously the founder and CEO of Tesla, billionaire Elon Musk expressed readiness to build electric power storage systems in Ukraine at a price of \$250/kW. At present, Ukraine for energy accumulation uses only hydroelectric power stations, while Tesla and similar systems are based on “ordinary” accumulator batteries. ■

## UKRAINE'S TRANSPORT ENTERPRISES INCREASE CARGO SHIPMENT BY 13% IN JAN-FEB



Ukrainian transporters, apart from those in Crimea and Sevastopol and the Anti-Terrorist Operation (ATO) zone, increased cargo transportation by 13% in January and February 2017 year-over-year, to 98 million tonnes, according to the State Statistics Service.

The service said cargo turnover increased by 16.6% year-over-year, to 54.1 billion tonne-kilometers.

According to the service, cargo transportation by rail in January and February 2017 increased by 9%, reaching 53.8 million tonnes.

Scrap ferrous metals shipments increased by 17.7%, construction materials by 60.7%, oil and fuel by 53.6%, grain and cereals by 43%. Timber shipments fell by 43.8%, coke by 17.8%, cement by 12.9%, chemicals and fertilizers by 12.2%, ferrous metals by 6.6%, coal by 5.9% and iron and manganese ore by 3.5%.

The share of foreign voyages of total transportation by sea and river transport was 97.1%, which is 30.6% down year-over-year.

In January and February 2017 Ukraine's main pipelines transported more gas, oil and ammonia. Gas pumping grew by 19.5% and oil transshipment fell by 2.2%. Transit of gas increased by 31.4% and oil transit fell by 1.7% by 13.5%. Ammonia pumping fell by 71.4% and ammonia transit – by 71.4%. Aviation companies transported 10,000 tonnes of cargo, which is 15% down year-over-year. ■

## PRIVATBANK SEEKS TO EXPAND COOPERATION WITH GOVERNMENT IN PROVIDING SOME SOCIAL SERVICES

State-run PrivatBank plans to expand cooperation with the government in providing some social services on the basis of Privat24 platform, PrivatBank Head Oleksandr Shlapak has said.

"PrivatBank today is a leader of so-called 'digital banking.' For many years we have been providing services that no country provides. We are trying to convince the government that state-run banks are able and must be agents of the state in providing public services, crediting and many state-sustained programs," he said at the presentation of Privat.Share in Kyiv on March 21.

The head of the bank said that some services have been realized, including via the utility services cabinet using which anyone who works with the Privat24 application can pay for any utility services.

"Information bridges between PrivatBank, Social Policy Ministry and Pension Fund are required to launch this service [subsidies]. The negotiations are being held. I have submitted the relevant proposal to the prime minister. I am sure that exchange of this information would help the government to provide subsidies quicker and not to provide them to those who are not to receive them," he said. ■

## CRBC START WORKING ON PROJECT TO BUILD KREMENCHUK BYPASSING ROAD WITH BRIDGE ACROSS DNIPRO RIVER

The State Automobile Roads Agency of Ukraine, also known as Ukravtodor, and China road and bridge corporation (CRBC) on March 21 signed a memorandum of cooperation in the sphere of designing and financing construction of M-22/E-584 Poltava-Oleksandria road on the section bypassing Kremenchuk with a bridge across the Dnipro River.

The press service of Ukravtodor said that Ukravtodor Head Slawomir Nowak and CRBC Vice President Du Fei signed the memo.

"Today the only bridge across the Dnipro River has only two moving traffic lanes. The bridge was opened in 1949. Its pillars were built in 1872. Along with city traffic, two important national roads go across the bridge: H-08 Boryspil-Kremenchuk-Dnipro-Zaporizhia-Mariupol roads and M-22 Poltava-Oleksandria road, which is part of the European corridor E-584 Poltava-Chisinau-Slobozia (Romania) and part of Pan-European transport corridor," the agency said.

Nowak said that Kremenchuk is an important industrial center of the country, which annually generates around 4% of revenue of Ukraine's national budget, while traffic across the Dnipro River is not comfortable, as the only bridge is located in the center of the city.

"The construction of the bridge in suburbs would help to redirect the transit traffic outside the city, which would unload the streets, make trips safer and improve the environmental situation. The new bridge would ensure not only the high-quality connection across the Dnipro River, but would promote for the increase of investment attractiveness of the Dnipro basin region and create new jobs," Nowak said. ■

## FERREXPO POSTS SIX-FOLD RISE IN NET PROFIT IN 2016



**I**ron ore pellets producer Ferrexpo with key assets in Ukraine saw a six-fold rise in net profit in 2016, to \$189.2 million.

According to a company report on the London Stock Exchange (LSE), its revenue last year grew by 2.6%, to \$986.33 million.

Ferrexpo saw a 14% rise in gross profit, to \$585.99 million, a 27.6% rise in operating profit, to \$320.46 million and a 20% rise in earnings before taxes, depreciation and amortization (EBITDA), to \$375 million.

The company said that net debt narrowed by 32%, to \$589 million and the cash balance grew by over four times, to \$145 million.

Capital investment last year dropped by 25%, to \$48 million.

Pellet production in 2016 fell by 4%, to 11.2 million tonnes, while sales grew by 3%, to 11.697 million tonnes. ■

## GROUND FOR UKRAINE'S ECONOMIC GROWTH SHOULD BE ADVANCE TECHNOLOGIES, INVESTMENT IN INFRASTRUCTURE

**U**kraine has the real potential to become a laboratory of new technologies, Ukrainian businessman Konstantin Grigorishin has said.

"Ukraine has human resources, especially in engineering, needed to develop infrastructure wisely and to make use of technological advantages from more developed countries," he said in an interview with U.S. publication Clean Energy posted on Tuesday. The government should create programs to eliminate the existing GDP gap and to achieve economic growth of 6-8% annually during the next 20 years.

"If it does not do this, the country will not survive," he said.

Grigorishin said that the country needs a new Marshall Plan. Today the amount could be worth \$200 billion.

"This is not such a big sum for many countries. If Ukraine is given technologies and a market, we can achieve the growth rate I have mentioned," he said.

Commenting on advantages of Ukraine, the businessman named "an educated and qualified population that can work for the space industry, for example, a good climate and good logistics."

"Ukraine is a unique destination for infrastructure investments, with acceptable risks and high returns. Ukraine's infrastructure is worn out, but this it is an excellent opportunity for Ukraine to build everything from scratch," he said.

The businessman said that there is potential in new kinds of transportation, probably in the artificial intelligence realm as well as new kinds of chemical and food production, renewable electricity, energy storehouses (this will be a big new industry in the near future). Commenting on reforms in the energy sector, he said that Ukraine should forget about coal and outdated plans for centralized heating. "Instead, we believe green renewable energy is the future," he said. The best temporary solution for Ukraine during the transition is to have a "green phase" – new, combined-cycle natural gas power plants. He said that it does not mean that Ukraine should solve this problem via a military operation. "Ukraine has many other tools: sanctions, political pressure to name a few. Ukraine needs this time to offer citizens of the Crimea persuasive arguments. It is not enough simply to say, "You must be Ukrainians and speak Ukrainian." Ukraine must strive to become an attractive state that all people are willing to join," he said. ■

## UKRAINIAN FARMERS COULD RECEIVE BUDGET SUBSIDIES FROM MID-APRIL



**A**utomated payments of subsidies to agricultural producers for February under the government support program are to start from April 15, 2017, Ukraine's Agricultural Policy and Food Ministry reported on Tuesday.

"The main thing what farmers are to do now to receive subsidies for February is to submit applications to the State Fiscal Service before April 1, 2017. The authority has started filling in the relevant register. Payments will start from April 15. All conditions for this have been created," Minister Taras Kutoviy said.

The ministry said that before April 5 the assignments in line with the monthly budget targets will be allocated. Before April 10 the State Fiscal Service will form the register of budget subsidy recipients. From April 15, the State Treasury will start settling payments automatically sending the sums of budget subsidies from the non-budget account of the ministry to relevant recipients.

The ministry said that a total of UAH 217.3 million has been accumulated to pay in April 2017. ■

## EBRD COULD INVEST UP TO EUR 200 MLN IN UKRAINIAN AGRICULTURE IN 2017



**T**he European Bank for Reconstruction and Development (EBRD) in 2017 plans to invest EUR 150-200 million in Ukrainian agriculture, the Agricultural Policy and Food Ministry of Ukraine has reported. "In 2017, we hope to reach at least EUR 150-200 million. We expect the resolution of economic activity and as a result the increase in companies' need in working capital and investment," the ministry said, citing EBRD Country Director in Ukraine Sevki Acuner.

He said that EBRD intends to support diversification of agribusiness in Ukraine and reaching the new level of development.

Along with crediting, other aspects of EBRD support is participation in a dialog on the regulation of the agricultural sector, provision of technical assistance and a platform for exchange of opinions on the functioning of meat industry and the dairy sector.

EBRD also backs the creation and strengthening of agricultural cooperatives and self-government institutions in various segments of the sector. As reported, Acuner hopes that the bank's investment into the implementation of projects in Ukraine in 2017 would expand to EUR 1 billion. ■

## UKRAINE MORE THAN TRIPLES EXPORTS OF CRANBERRIES, BILBERRIES IN 2016

**U**kraine exported 2,900 tonnes of cranberries and bilberries in 2016, and this was 3.3 times more than in 2015, Ukraine's Agricultural Policy and Food Ministry has reported.

According to a Tuesday posting, the largest importers of Ukrainian berries were Poland (1,400 tonnes), the Netherlands (613 tonnes) and Belarus (541 tonnes). In general, exports of cranberries and bilberries brought \$6.9 million of currency income last year. The ministry said that exports of raspberries, blackberries and mulberries more than doubled, to 720 tonnes and exports of strawberries grew by 1.7 times, to 2,270 tonnes. "First since 2013 Ukraine exported 79 tonnes of currant for \$18,200," the ministry said. ■

## FORESTRY INNOVATIVE-ANALYTICAL CENTER, LATSCHBACHER UKRAINE TO DESIGN SOFTWARE TO CONTROL TIMBER PRODUCTION BY POLICE



**S**tate-run enterprise Forestry Innovative-Analytical Center and Latschbacher Ukraine LLC plans to design software for controlling the lawfulness of timber production and its movement by the police by the middle of May.

According to a press release of Latschbacher Ukraine, on March 10 the company and the Forestry Innovative-Analytical Center signed an agreement on the further development of the timber e-system.

"The Control module will be created for the National Police of Ukraine. This application would help the police to effectively control the lawfulness of timber production and its movement," the company said.

It will take around two months to introduce the module.

"When the module is introduced, the National Police would finally receive the efficient tool for controlling timber. All that is left to do is to connect the rest of forestry enterprises [under management of the Defense Ministry, Ecology and Natural Resources Ministry and local authorities] to the timber e-system," the company said.

The timber e-system was designed from 2009 through 2012 on the basis of Austria's WinforstPro software. Specialists of Latschbacher AG (Austria), Timber&Equipment-GmbH (Germany) and Latschbacher Ukraine adapted the logistics innovation technologies to the specific of Ukrainian enterprises. In 2013, the system was introduced in 192 forestry enterprises coordinated by the State Forest Agency of Ukraine. Today 273 forestry enterprises are using the system or 80% of the total number of permanent forest users in Ukraine. ■

## EBRD PROVIDES \$15 MLN TO AGROFUSION TO BUILD THIRD TOMATO PLANT



**T**he European Bank for Reconstruction and Development (EBRD) has provided a loan of \$15 million to Agrofusion, the largest Ukrainian vertically integrated industrial tomato paste producer created by former co-founder of Sandora juice producers businessman Serhiy Sypko.

According to a posting on the Facebook page of EBRD Senior Advisor Anton Usov, the loan would help the company to partially finance construction of a third tomato plant in Ukraine with an annual production capacity of 34,000 tonnes of tomato paste. The project envisages a \$700,000 grant under the EBRD FINTECC program, which will allow introducing a new drop irrigation system and providing for annual saving of up to 1.2 million cubic meters of water. It can be used for more efficient application of fertilizers and reduction of emission in the amount of up to 3,700 tonnes a year. As reported, earlier the EBRD assessed the total cost of the project at \$50 million.

The European Investment Bank (EIB) on March 10, 2017 approved the financing of a production line for processing tomatoes in Ukraine. In May 2016 the International Finance Corporation (IFC) from the World Bank Group said it would provide \$10 million to Agrofusion Group to boost its working capital.

Agrofusion Group was founded in 2007. Agrofusion Group in 2014 reached its maximum production of 52,778 tonnes of tomato paste, in 2015 it expanded its capabilities through investment, reaching a figure of 61,500 tonnes.

The company's operational assets include two tomato paste plants with total processing capacity of approximately 500,000 tonnes of tomatoes per season; two seedling greenhouses; and 20,000 hectares of irrigated leased land in Mykolaiv and Kherson regions as well as modern farming equipment. ■

## UKRAINE EXPORTS 32.1 MLN TONNES OF GRAIN SINCE START OF 2016/2017 AGRI-YEAR



**U**kraine since the beginning of the 2016/2017 agricultural year (July-June) and as of March 22, 2017 had exported 32.13 million tonnes of grain.

According to the Ministry of Agricultural Policy and Food, the country exported about 14.29 million tonnes of wheat, 4.7 million tonnes of barley and 12.94 million tonnes of corn.

In addition, 269,200 tonnes of flour were exported.

As reported, with reference to the ministry, Ukraine in the 2015/2016 agri-year (July-June) exported 39.487 million tonnes of grain, which is 13.5% more than in the previous season.

According to the forecasts of the ministry, grain exports in the 2016/2017 agri-year could reach about 40 million tonnes. ■

The Ukrainian League of Industrialists and Entrepreneurs (ULIE) is the largest union of business associations and individual enterprises in Ukraine with its members ranging from vertically integrated corporations to small and medium enterprises (SMEs). For already more than 20 years the League's key mission is to promote and protect interests of the Ukrainian business within Ukraine and beyond. With its central offices in Kyiv, ULIE manages 28 regional subsidiaries, 73 branches, 22 representative offices and 34 commissions on key sectors of the economy.

The League is also a signatory to 155 international agreements on cooperation and has representative offices in 21 countries, including Representative Office in the EU in Brussels.

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